

**CONTRACT #1  
RFS # 332.05-530**

**Tennessee Student  
Assistance Corporation  
(TSAC)**

**VENDOR:  
National Student Loan  
Clearinghouse**

**From:** Thomas Bain  
**To:** Barlow, Robert; leni.chick@legislature.state.tn.us  
**Date:** 9/21/2006 2:14:45 PM  
**Subject:** Request for Non-Competitive Contract (TSAC and National Student Loan Clearinghouse) RFS #332.05-530

Leni and Robert,

The Tennessee Student Assistance Corporation (TSAC) proposes to contract with the National Student Loan Clearinghouse (NSLC) for the provision of student enrollment status information.

TSAC has had 4 previous similar contracts with NSLC since 1994 and did not anticipate any problem with F&A review and approval of the proposed contract. However, we just discovered that a Request for Non-Competitive Contract must be submitted to both the Fiscal Review Committee and to OCR for this contract. Therefore we must admit that we have not submitted the request (which will be hand-delivered to you this afternoon) 60 days prior to the contract's proposed start date of October 1, 2006.

The reason for TSAC's failure to timely submit the request for Non-Competitive Contract was basically due to newer staff members, who were preparing and processing the contract, not being aware of the need for making this request (a new requirement since the last TSAC/NSLC contract was approved) and that extra lead time would be required for preparation of the contract. A fuller explanation is included as Attachment 1 to the request which you will be receiving.

In view of TSAC's delayed submission of the request, I hesitate to ask for expedited review and approval of our request. However, because 4 similar multi-year contracts with NSLC have been approved by OCR in the past, and because delay in starting the contract would prevent the Contractor from delivering information to TSAC and students, educational institutions and lenders may well be negatively affected, I would respectfully request that this request be reviewed as soon as possible.

Once action is taken, which we hope will be an approval, please call me and I will attempt to have a messenger pick it up. Then we will be in position to get the proposed contracts ready for submission to OCR.

Thank you for your attention to this matter.

Tom Bain  
Associate Executive Director for Compliance and Legal Affairs  
Tennessee Student Assistance Corporation  
Suite 1950, Parkway Towers  
404 James Robertson Parkway  
Nashville, TN 37243-0820  
(615) 253-7476

9/21/06

**CC:** Ruble, Robert

**RECEIVED**

SEP 21 2006

**FISCAL REVIEW**

# REQUEST: NON-COMPETITIVE CONTRACT

APPROVED

Commissioner of Finance & Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A request can not be considered if information provided is incomplete, non-responsive, or does not clearly address each of the requirements individually as required.

1) RFS #	332.05-530	
2) State Agency Name :	Tennessee Student Assistance Corporation	
3) Service Caption :	For the provision of student enrollment status information	
4) Proposed Contractor :	National Student Loan Clearinghouse	
5) Contract Start Date : (attached explanation required if date is < 60 days after F&A receipt)	October 1, 2006 (See Attachment 1)	
6) Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	September 30, 2011	
7) Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$250,000.00	
8) Approval Criteria : (select one)	<input type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input checked="" type="checkbox"/> only one uniquely qualified service provider able to provide the service	
9) Description of Service to be Acquired :	<p>TSAC contracts with the Contractor for the purpose of collecting enrollment data on borrowers whose student loans are guaranteed by TSAC on a monthly basis. (See Attachment 2)</p>	
10) Explanation of the Need for or Requirement Placed on the Procuring Agency to Acquire the Service :	<p>The Contractor provides a central repository and a single point of contact for the collection and timely exchange of enrollment data. Educational institutions are required under Title IV of the Higher Education Act of 1965, as amended, to supply enrollment data to the U.S. Department of Education, guarantors, and lenders. The educational institutions have designated the Contractor as their sole agent for these enrollment reporting activities. (See Attachment 3)</p>	
11) Explanation of Whether the Procuring Agency Bought the Service in the Past, & if so, What Procurement Method It Used :	<p>TSAC purchased these services from this Contractor in four (4) successive contracts beginning October 1, 1994; October 1, 1997; October 1, 2000; and October 1, 2003. The Sole Source Contract method was used. (See Attachment 4)</p>	
12) Name & Address of the Proposed Contractor's Principal Owner(s) : ( <u>not</u> required if proposed contractor is a state education institution)	<p>The Contractor is a 501(c)(6) corporation. There are no stockholders or owners. The Corporation is governed by a Board of Directors which is comprised of representatives from educational institutions, guarantors, and lenders.</p>	

**13) Evidence of the Proposed Contractor's Experience and Length of Experience Providing the Service :**

The Contractor has had thirteen (13) years of experience, all of which has been gained during previous contracts with TSAC. (See Attachment 5)

**14) Documentation of Office for Information Resources Endorsement :**  
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**15) Documentation of Department of Personnel Endorsement :**  
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**16) Documentation of State Architect Endorsement :**  
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**17) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :**

The Contractor is our source for providing enrollment status reporting through a single point of contact from educational institutions as required by federal regulations. As a member of the student financial aid community, TSAC would be aware of any alternative sources of receiving this information.

**18) Justification of Why the State Should Use Non-Competitive Negotiation Rather Than a Competitive Process :**  
(Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)

See response to question 17.

**REQUESTING AGENCY HEAD SIGNATURE & DATE :**

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Robert W. Finkle (by Thomas R. Bair)

Agency Head Signature

9/21/06

Date

**REQUEST: NON-COMPETITIVE CONTRACT**

- 5) **Contract Start Date** (October 1, 2006) is less than 60 days after F&A receipt (of this request).

*Explanation: TSAC had previously contracted with this contractor (National Student Loan Clearinghouse) four separate times since 1994. On no previous occasion was TSAC required to make a Non-Competitive Contract request, which we are aware requires extra lead time for contract approval prior to the start date of the contract.*

*New staff members have been involved in the preparation and processing of the proposed contract and the contract was prepared and processed internally to be submitted prior to the contract start date of October 1, 2006. However, it was discovered by TSAC that a Non-Competitive Contract request would need to be made the day the contract documents were transmitted with their respective contract summary sheets.*

**Agency Head Signature**

*Thomas R. Bain, Associate Executive Director for Compliance and Legal Affairs for TSAC has signed this request on behalf of Robert W. Ruble, Executive Director for TSAC. Dr. Ruble is out-of-state and will not return until Monday, September 25, 2006. Since the Request for Non-Competitive Contract is late already and in view of the need for final approval of the contract as soon as possible because of the proposed October 1, 2006 intended start date, Mr. Bain submits that this should qualify as an exigent circumstance justifying his signature in lieu of Dr. Ruble's signature.*



**CONTRACT  
BETWEEN THE STATE OF TENNESSEE,  
TENNESSEE STUDENT ASSISTANCE CORPORATION  
AND  
NATIONAL STUDENT LOAN CLEARINGHOUSE**

This Contract, by and between the State of Tennessee, Tennessee Student Assistance Corporation, hereinafter referred to as the "State" or "TSAC" and National Student Loan Clearinghouse, hereinafter referred to as the "Contractor," is for the provision of Student Enrollment Status Information, as further defined in the "SCOPE OF SERVICES."

The Contractor is a Non Profit Corporation.

The Contractor's address is 13454 Sunrise Valley Drive, Suite 300, Herndon, VA, 20171.

The Contractor's place of incorporation or organization is Virginia.

**A. SCOPE OF SERVICES:**

- A.1. The Contractor provides a central repository for information on the enrollment of Qualifying Program borrowers who are currently attending or have attended educational institutions. The educational institutions have appointed the Contractor to be their agent for the purposes of satisfying their obligations to report to lenders, guaranty agencies, and the U.S. Department of Education information on the enrollment status of Qualifying Program borrowers (including students on whose behalf a Federal PLUS loan was made).
- A.2. TSAC contracts with the Contractor for the purpose of collecting information on the enrollment of Qualifying Program borrowers (including students on whose behalf a Federal PLUS loan was made), and to satisfy TSAC's federal obligation to report enrollment information to lenders, and lender servicers.
- A.3. So long as the Contractor performs its duties as provided in this Contract, TSAC shall use its best efforts to direct to the Contractor all enrollment information it receives.
- A.4. TSAC shall notify educational institutions and the U.S. Department of Education that the Contractor has contracted with TSAC to provide their enrollment data processing and that future enrollment updates should be sent directly to the Contractor.
- A.5. TSAC shall immediately forward to the Contractor any enrollment information that it receives from educational institutions and the U.S. Department of Education. The enrollment information shall contain the data elements, and be in such format, as reasonably required by the Contractor and shall be subject to approval by the State, which approval shall not be unreasonably withheld.
- A.6. Enrollment Information provided to the Contractor by TSAC must be either a Qualifying Program borrower's loan guaranteed by TSAC or a student on whose behalf a Federal PLUS loan was guaranteed by TSAC.
- A.7. The Contractor shall collect enrollment information that it receives from educational institutions and the U. S. Department of Education and shall provide TSAC with updated enrollment information on each Qualifying Program borrower's (including a student on whose behalf a Federal PLUS loan was made) loan guaranteed by TSAC.

- A.8. The Contractor shall provide updated enrollment information on each Qualifying Program borrower's (including a student on whose behalf a Federal PLUS loan was made) loan guaranteed by TSAC directly to authorized parties which have entered into contracts with the Contractor to obtain such information. TSAC warrants that lenders and lender servicers may rely upon this information as if it came directly from TSAC.
- A.9. TSAC agrees not to require that any party (including specifically lenders and lender servicers) obtain enrollment information available from the Contractor directly from TSAC.
- A.10. The Contractor shall use its best efforts to respond to requests from TSAC, lenders, and lender servicers within fourteen (14) calendar days of receipt of the request (twenty-one (21) days if the request is not in an automated format).
- A.11. The Contractor shall maintain an historical record of all data exchanges with TSAC, educational institutions, the U.S. Department of Education, lenders, and lender servicers for the period of time required by the Higher Education Act of 1965, as amended.
- A.12. Qualifying Program borrower information submitted to the Contractor by TSAC is proprietary data and shall be used only for the purposes stated herein. The Contractor shall institute reasonable controls to ensure that information it receives from TSAC shall be shared only with parties entitled to such information. To the extent that the State shares any nonpublic personal information as defined by 15 U.S.C. § 6801, et. seq. and its accompanying regulations, of Qualifying Program borrowers with the Contractor, the Contractor recognizes that it is subject to the reuse and redisclosure limitations as stated in 16 C.F.R. § 313.11.
- Furthermore, the Contractor agrees that it will at all times have in place a written information security program for protecting the nonpublic personal information of Qualifying Program borrowers as set forth in 16 C.F.R. § 314. The Contractor's security program, in accordance with the aforementioned regulation, is designed to (i) ensure the security and confidentiality of any nonpublic personal information of Qualifying Program borrowers provided to the Contractor; (ii) protect against any anticipated threats or hazards to the security or integrity of such information; and (iii) prevent unauthorized access to or use of such information. TSAC shall institute reasonable controls to ensure that information it receives from the Contractor shall only be used in connection with its obligations under the Higher Education Act of 1965, as amended.
- A.13. During the term of this Contract, the Contractor agrees to maintain insurance covering errors and omissions in its data processing operations in the amount of at least Two Million dollars (\$2,000,000.00). The Contractor shall provide TSAC a certificate of insurance evidencing such coverage upon request.
- A.14. The Contractor shall maintain reasonable disaster recovery and backup procedures for its data processing operations.
- A.15. The Contractor shall provide TSAC with audited financial statements of the Contractor upon request. Upon ten (10) days notice, the Contractor shall permit TSAC (or its authorized representative), during the Contractor's regular business hours, to examine and audit the Contractor's books and records applicable to the Qualifying Program borrower information provided by or received by TSAC under this Contract (whether paper or electronic) and to reasonably inspect the facilities, operations, and operating procedures used to process such information.
- A.16. The Contractor agrees to indemnify and hold the State harmless from any loss, cost, damage, or expense suffered by the State as a direct result of the Contractor's failure to comply with its obligations provided for in this agreement.

- A.17. TSAC may publicize its participation with the Contractor. Such publicity could include distribution of Contractor literature, description of Contractor activities in newsletters, presentations at conferences attended by representatives of participating schools, and discussion of Contractor activities during on-site visits at participating schools.
- A.18. TSAC agrees to take all possible steps to integrate deferment processing into TSAC's current enrollment status verification activities. To support this effort, the Contractor shall attempt to identify Qualifying Program borrowers who have returned to educational institutions and who may be eligible for an in-school deferment. The Contractor shall provide to TSAC enrollment information for Qualifying Program borrowers who, according to the Contractor's records, may be entitled to an in-school deferment.
- TSAC agrees that the enrollment information provided either through TSAC or directly by the Contractor may be used to certify a borrower's enrollment status or to certify eligibility for in-school deferments.
- A.19. The State agrees to the terms set forth in the Certificate of Reliance attached as Attachment A and authorizes the Contractor to provide such certificate to lenders, lender servicers, and other participants in the Federal Family Education Loan Program.

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on October 1, 2006 and ending on September 30, 2011. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Fifty Thousand Dollars (\$250,000.00). The Service Rates in Section C.3. shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2. Compensation Firm. The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
- C.3. Payment Methodology. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates:



<u>SERVICE UNIT</u>	<u>AMOUNT</u>
A borrower on a Federal Stafford loan or Grad/Prof Federal PLUS loan, guaranteed by the State, who currently attended or have attended a participating school during the month.	\$0.035 (3.5 cents)
A parent borrower on a Federal PLUS loan on behalf of their dependent undergraduate student, guaranteed by the State, who currently attend or have attended a participating school during the month.	\$0.035 (3.5 cents)

The Contractor shall submit monthly invoices, in form and substance as determined by the State with all of the necessary supporting documentation, prior to any payment.

Such monthly invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.8. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least ninety (90) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (Sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.
- The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Levis Hughes, Associate Executive Director for Loan Administration  
Tennessee Student Assistance Corporation  
404 James Robertson Parkway, Parkway Towers, Nashville, TN 37243-0820  
Telephone Number: (615) 741-3000 x139  
Fax Number: (615) 741-6101

The Contractor:

Daniel R. Boehmer, President  
National Student Loan Clearinghouse  
13454 Sunrise Valley Drive, Suite 300, Herndon, VA, 20171  
Telephone Number: (703) 742-4201  
Fax Number: (703) 742-4234

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by fax at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30

p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.
- E.5. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.6. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

IN WITNESS WHEREOF:

NATIONAL STUDENT LOAN CLEARINGHOUSE

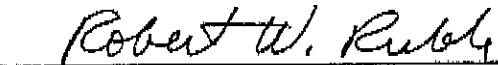


DANIEL R. BOEHMER, PRESIDENT

9-15-06

DATE

TENNESSEE STUDENT ASSISTANCE CORPORATION



ROBERT W. RUBLE, EXECUTIVE DIRECTOR

9-18-06

DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

DEPARTMENT OF PERSONNEL:

DEBORAH E. STORY, COMMISSIONER

DATE

COMPTROLLER OF THE TREASURY:

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE

## ATTACHMENT A

## CERTIFICATE OF RELIANCE

This certificate is to confirm that we, the undersigned guaranty agency (the "Guaranty Agency"), have contracted with the National Student Loan Clearinghouse (the "Clearinghouse") to participate in the Clearinghouse's program of providing enrollment information on behalf of educational institutions which participate in the Clearinghouse. As a participant, we have agreed to direct to the Clearinghouse all enrollment status requests which relate to Qualifying Program borrowers who currently are attending or have attended educational institutions and which cover periods during which the educational institution has participated in the Clearinghouse.

Please be advised that during our participation in this program, we also have agreed to the following terms:


- (1) In complying with applicable Guaranty Agency requirements regarding the maintenance of enrollment information, lenders and lender servicers of loans guaranteed by the Guaranty Agency may rely on any enrollment information provided, directly or indirectly, by the Clearinghouse to the same extent as if the information has been provided directly by the educational institution or Guaranty Agency.
- (2) The Guaranty Agency agrees that lenders and lender servicers are not required to obtain enrollment information available from the Clearinghouse directly from the Guaranty Agency.
- (3) Qualifying Program borrowers whose loans are guaranteed by the Guaranty Agency may request deferments either in writing or by documented telephone calls to the lender or lender servicer. A lender or lender servicer may rely on a Qualifying Program borrower's deferment request (including any request made on the initial loan application), and shall not be required to obtain a new deferment request, as long as the borrower's enrollment information as provided by the Clearinghouse indicates that the borrower remains continuously eligible for such deferment. However, final determination of deferment eligibility shall be made by the lender or lender servicer.
- (4) The period of any in-school deferment may be extended or shortened by the lender or lender servicer based on revised enrollment information provided through the Guaranty Agency or directly from the Clearinghouse and without the need for further documentation from the borrower, provided that the terms of the deferment comply with all rules issued by the U.S. Department of Education.

Name of Agency: Tennessee Student Assistance Corporation

Authorized Signature: Robert W. Rush

Date: 9-18-06

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## Our Mission

The mission of the National Student Clearinghouse is to facilitate the exchange and understanding of student enrollment, performance, and related information in support of the education community.

### Goals

Acting as agent for each institution, the Clearinghouse:

1. Helps post-secondary institutions meet their reporting responsibilities to student loan industry participants and the federal government in order to:
  - Prevent student loan defaults
  - Ensure program integrity
  - Reduce the administrative burden and cost for all student loan program participants
2. Provides enrollment, degree and certificate verification to other educational institutions, prospective employers, background screening agencies, insurance companies, search firms, and other student service entities.
3. Utilizes student enrollment data (with the approval of participating institutions) to offer other services that are consistent with its mission and ensure the protection of student privacy rights.
4. Provides forums throughout the student loan industry to exchange information and collaboratively develop improvements in the administration of student loans.

### Resource Center

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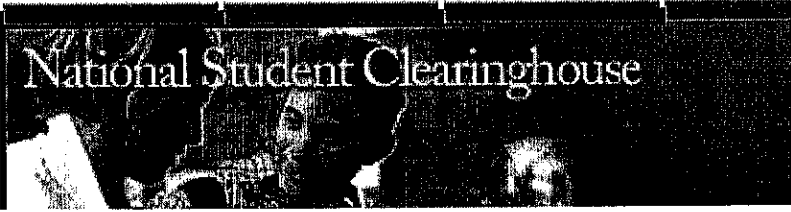
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<b>USER LOGIN</b> <b>Username</b> <input type="text"/> <b>Password</b> <input type="password"/> <input type="button" value="Go"/>		<a href="#">About Us</a>   <a href="#">Search</a>   <a href="#">Site Map</a>   <a href="#">Contact Us</a>   <a href="#">Home</a>
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## The Nation's #1 Source for Academic Verification

The National Student Clearinghouse, a non-profit organization, is the nation's trusted source for post-secondary and secondary student degree, diploma and enrollment verification. Through our verification reporting solutions, we help colleges, universities, high schools and high school districts improve efficiency, reduce costs and workload, and enhance the quality-of-service they provide to their students and alumni, lending institutions, employers, and other organizations.

All of our programs are designed to reduce our member schools' administrative burden of providing educational record verification while maintaining the confidentiality and privacy of records in our care in full compliance with the Family Educational Rights and Privacy Act (FERPA).

The Clearinghouse has a 13-year track record of working with higher education professionals to transform student enrollment and degree verification. Today the Clearinghouse is the higher education community's most trusted partner for verification of student academic achievement.

### Resource Center

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# TENNESSEE STUDENT ASSISTANCE CORPORATION

SUITE 1950, PARKWAY TOWERS  
404 JAMES ROBERTSON PARKWAY  
NASHVILLE, TENNESSEE 37243-0820  
(615) 741-1346 • 800-342-1663

## MEMORANDUM

TO: David L. Manning, Commissioner  
Department of Finance and Administration

FROM: Ron Gambill, Executive Director *Ron Gambill*

RE: National Student Loan Clearinghouse Contract

DATE: December 7, 1994

Enclosed is a proposed contract with the National Student Loan Clearinghouse. This contract is a sole source contract in that the information provided by the contractor cannot be obtained elsewhere. The U.S. Department of Education will collect data from the Clearinghouse for the National Student Loan Data System. Because of this, an exemption from normal RFP procedures is requested.

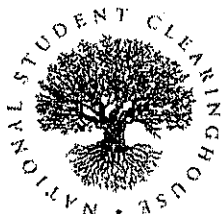
The National Student Loan Clearinghouse serves as an agent for educational institutions. Through this contract it will be providing TSAC with important enrollment status information in accordance with federal regulations and policies.

This expenditure should not necessitate an expansion to TSAC's budget at this time. Funding will be from program generated dollars.

Please contact me if additional information is needed. Your assistance in this matter is greatly appreciated.

JRG:DL:bb

Enclosure



**National Student Clearinghouse**  
13454 Sunrise Valley Drive, Suite 300  
Herndon, Virginia 20171

703-742-4200  
[www.studentclearinghouse.org](http://www.studentclearinghouse.org)

## About the National Student Clearinghouse

The National Student Clearinghouse is the nation's trusted source for student degree, diploma and enrollment verification. A non-profit organization established by the higher education community in 1993, the Clearinghouse serves as a central repository and single point of contact for the collection and timely exchange of accurate, comprehensive enrollment, degree, diploma and certificate records on behalf of participating post-secondary and secondary institutions.

The Clearinghouse serves the nation's educational community by:

- **Maintaining an electronic registry containing more than 75 million student records**, more than any other single source
- **Providing secure and accurate online verifications to more than 10,000 verifying entities each year**, including most major employers, student service providers, insurance companies, credit issuers, the U.S. Department of Education, and others
- **Performing over 100 million electronic student record verifications annually**

**More than 2,800 colleges, enrolling 91% of US college students**, and scores of high school districts nationwide have partnered with the Clearinghouse and participate in our programs including:

- **Core Service:** The Clearinghouse provides enrollment status and deferment information for financial aid students on behalf of its member institutions to guaranty agencies, lenders, servicers and the Department of Education. Participating in our Core Service allows institutions to automate their deferment and enrollment processing, ensuring greater reporting accuracy and reduced loan default rates. All state and national guarantors and most lenders and servicers participate in the Clearinghouse.
- **EnrollmentVerify:** Every day, thousands of firms must verify student enrollment status: health insurers, employers, credit grantors, housing providers and companies that provide services and discounts to students. Through EnrollmentVerify, the Clearinghouse processes all the enrollment verification inquiries received by participating colleges and universities using the information that they already provide to us.
- **DegreeVerify:** On average, each college and university completes 1,000 degree verifications per year for every 5,000 enrolled students. Participating in DegreeVerify frees schools from the administrative burden of verifying degrees for employers, background search firms and recruiters. Institutions regularly provide the Clearinghouse with updated degree data and refer all degree verification requests to our Web site. Commercial verifiers can instantly confirm degrees online, providing them with an easy, fast and inexpensive way to validate educational records and combat credentials fraud.
- **StudentTracker:** By subscribing to our educational research service, StudentTracker, schools and educational authorities and organizations can query our database of over 75 million post-secondary enrollment and degree records. This provides them with factual information on enrollment and graduation patterns nationwide, enabling them to evaluate student acquisition and retention efforts,

## About the National Student Clearinghouse

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assess the effectiveness of educational policies and programs, track placement into four-year institutions and graduate schools, and perform other educational research studies. **StudentTracker for Outreach Programs** helps measure the college success of outreach program participants.

- **Transcript Ordering:** Our online transcript ordering service provides colleges and universities with a simple way to enable their students and alumni to order official transcripts via the Web at anytime, 24/7. All transcript ordering steps are fully automated, speeding delivery of transcripts to requestors and eliminating the cost and time involved in processing requests for institutions.
- **Student Self-Service & LoanLocator:** The Clearinghouse offers free online services to help institutions better serve their students and alumni. Institutions that participate in DegreeVerify are eligible to join our Student Self Service program, which allows students to view their enrollment histories, print enrollment certificates and more via the Web at no charge. In addition, the Clearinghouse operates a free Web-based service, [www.loanlocator.org](http://www.loanlocator.org), where students and alumni can track their student loans and obtain lender contact information.
- **StudentTracker for High Schools:** The Clearinghouse offers its educational research and verification services to high schools through our StudentTracker program. StudentTracker enables high school educators to bridge the knowledge gap between their efforts to prepare their students for college and their graduates' actual college success. Administrators at high schools and district offices can access the Clearinghouse's database to obtain accurate information on the college attendance, persistence and degree attainments of their graduates anywhere in the US. Using this information, high schools are able to measure the effectiveness of their college preparation efforts and introduce improvements to ensure a more successful transition to college for their students.

As part of the program, high schools also outsource verification of their graduates' high school diplomas to the Clearinghouse, allowing them to realize the same time and cost saving benefits enjoyed by the nation's colleges and universities.

All of our programs are designed to reduce the administrative burden of providing educational record verification that is faced by educational institutions, while maintaining the confidentiality and privacy of records in our care in full compliance with the Family Educational Rights and Privacy Act (FERPA).

The Clearinghouse's 13-year track record of providing automated student enrollment and degree verifications has made it the education community's most trusted partner for outsourced verification services and more. For more information, visit [www.studentclearinghouse.org](http://www.studentclearinghouse.org).

# NATIONAL STUDENT LOAN CLEARINGHOUSE EXPENDITURES (FY04/05) & (FY05/06)

	Billing Units	Unit Fee		Billing Units	Unit Fee		
Jul-04	90,853	0.045	\$ 4,088.39	Jul-05	94,891	0.035	\$ 3,321.19
Aug-04	94,786	0.045	\$ 4,265.37	Aug-05	96,812	0.035	\$ 3,388.42
Sep-04	105,160	0.035	\$ 3,680.60	Sep-05	103,800	0.035	\$ 3,633.00
Oct-04	105,615	0.035	\$ 3,696.53	Oct-05	110,718	0.035	\$ 3,875.13
Nov-04	109,356	0.035	\$ 3,827.46	Nov-05	110,112	0.035	\$ 3,853.92
Dec-04	109,127	0.035	\$ 3,819.45	Dec-05	109,458	0.035	\$ 3,831.03
Jan-05	102,972	0.035	\$ 3,604.02	Jan-06	104,378	0.035	\$ 3,653.23
Feb-05	105,744	0.035	\$ 3,701.04	Feb-06	105,694	0.035	\$ 3,699.29
Mar-05	105,204	0.035	\$ 3,682.14	Mar-06	105,760	0.035	\$ 3,701.60
Apr-05	104,511	0.035	\$ 3,657.89	Apr-06	104,933	0.035	\$ 3,672.66
May-05	98,730	0.035	\$ 3,455.55	May-06	96,510	0.035	\$ 3,377.85
Jun-05	95,257	0.035	\$ 3,334.00	Jun-06	92,289	0.035	\$ 3,335.12
TOTAL	1,227,315	TOTAL	\$ 44,812.44	TOTAL	1,235,355	TOTAL	\$ 43,342.44

04-05 43,120.69 1,232,019 Average 102,668

05-06 32,999.83 939,852 Average 104,428  
(9 months)

3.5 Cents

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## Your Partner for Educational Verification &amp; More

The Clearinghouse works — for you! For more than 13 years, we've helped the nation's colleges and universities regain thousands of hours of staff time previously devoted to manual verification.

We provide 24/7, automated and secure educational verification that substantially reduces your workload while improving the service you provide to your students, alumni and others. Through our free outsourcing services, you will also be better able to reallocate limited staff resources and absorb budget cutbacks (for more, see our [fee schedule](#)).

Participating in the Clearinghouse provides you with access to our full range of services:

- **Core Service** Provides enrollment verifications and deferments for your financial aid students to lending organizations and NSLDS.\* A **compliance report for your auditors** of the Clearinghouse's Federal Student Financial Assistance enrollment reporting activities is available for your review.
- **DegreeVerify** Frees your registrar staff from manually verifying degrees for graduates to employers, background search firms, and recruiters.
- **EnrollmentVerify** Enables you to fully outsource requests for enrollment verifications using data that you already provide to the Clearinghouse.
- **StudentTracker** Allows you to query our nationwide database of post-secondary enrollment and degree records to improve your educational research results and recruiting efforts.
- **LoanLocator** Lets you, your students and alumni instantly track all their student loans online.
- **Student Self-Service** Allows your students to print enrollment certificates and view their enrollment histories and verifications via the Web for free.
- **Transcript Ordering** Allows you to improve the level of service you provide your students and alumni by enabling 24/7 online transcript ordering.
- **Clearinghouse 101 Workshop** Enables representatives from local institutions to learn more about our services and network with one another during a free half-day workshop.

For more information, contact us at 703-742-4200 or [service@studentclearinghouse.org](mailto:service@studentclearinghouse.org).

\* Deferment processing for Perkins loans, private loans and grant/aid programs is available for a small fee.

## News

## New DegreeVerify Schools

Graceland University  
Nebraska Wesleyan University

University of California, San Diego

DegreeVerify Schools

## New Student Self-Service Schools

College of the Siskiyous

Illinois Wesleyan University

William Paterson University

Student Self-Service Schools

## New Transcript Ordering Schools

Augsburg College

Graceland University

The Catholic University

Transcript Ordering Schools

## Clearinghouse Fee Schedule

Or click here to get the printer-friendly version.



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## Free, Easy Student Loan Verifications

More than 2,800 of US colleges and universities take advantage of the Clearinghouse's core service: verifying enrollment for student loan borrowers.

We offer an easy way for our educational institution members to completely offload the burden of providing status information on student financial aid recipients to:

- **Guaranty agencies**
- **Lenders & Servicers**
- Department of Education's NSLDS  
(National Student Loan Data System)

Our core service is free of charge to participating institutions and includes:

- Secure electronic data exchanges with member guaranty agencies, lenders and servicers
- Automatic processing of all NSLDS SSCRs
- Processing all FFEL/direct loan paper-based deferment and enrollment verification forms
- FERPA-compliant enrollment reporting
- Access to our secure Web site
- Audit trail of all Clearinghouse verifications
- Student enrollment histories (as reported to the Clearinghouse)
- Ability to easily expand your free service to include **DegreeVerify** and **EnrollmentVerify**

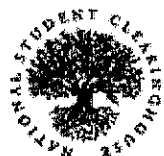
### Resource Center

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& Testing Guide](#)[Software Vendors](#)[Secure FTP Access](#)[Operations Guide](#)[Transmission  
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# National Student Clearinghouse

The nation's trusted source for student degree and enrollment verification

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**VERIFY NOW! ▶**



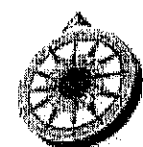
**Verify a Degree or Enrollment**

**ORDER NOW! ▶**



**Order a Transcript**

**LOANLOCATOR ▶**



**Where are your Student Loans?**

## News

More Than 1,000 High Schools Participate In The Clearinghouse  
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G. Frost Johnson Named Regional Director  
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## Announcements

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Spring Newsletter [read](#) >>

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